Whalen CPAs
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FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

December 31, 2023 and 2022

COLUMBUS SPEECH AND HEARING CENTER
510 E N Broadway St
Columbus, OH 43214

TABLE OF CONTENTS

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Columbus Speech and Hearing Center
Columbus, OH 43214

Opinion

We have audited the accompanying financial statements of Columbus Speech and Hearing Center (a nonprofit Center), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the 2023 financial statements referred to above present fairly, in all material respects, the financial position of Columbus Speech and Hearing Center as of December 31, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Columbus Speech and Hearing Center and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Prior Period Financial Statements

The financial statements of Columbus Speech and Hearing Center as of December 31, 2022 were audited by other auditors whose report dated July 27, 2023 expressed an unmodified opinion on those statements.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Columbus Speech and Hearing Center's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Columbus Speech and Hearing Center’s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Columbus Speech and Hearing Center’s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Whalen CPAs

Whalen CPAs
Worthington, Ohio
July 24, 2024

COLUMBUS SPEECH AND HEARING CENTER

STATEMENTS OF FINANCIAL POSITION

As of December 31, 2023 and 2022

ASSETS

	2023	2022
CURRENT ASSETS		
Cash and cash equivalents	$ 355,114	$ 1,801,852
Receivables, net:		
Clients	2,305	64,011
Pledges	76,144	75,000
Other	4,993	7,990
	83,442	147,001
Prepaids	59,294	49,213
Inventory	18,089	14,460
Investments	1,889,335	1,519,681
TOTAL CURRENT ASSETS	2,405,274	3,532,207
LONG-TERM ASSETS:		
Property and equipment, net	414,924	306,438
Right-of-use assets	1,019,980	1,244,867
Deposits and other assets	12,741	13,409
TOTAL LONG-TERM ASSETS	1,447,645	1,564,714
TOTAL ASSETS	$ 3,852,919	$ 5,096,921

See accompanying notes and independent auditor's report.

COLUMBUS SPEECH AND HEARING CENTER
STATEMENTS OF FINANCIAL POSITION
As of December 31, 2023 and 2022

LIABILITIES AND NET ASSETS

	2023	2022
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	$ 457,052	$ 449,384
Notes payable - current	11,808	11,119
Deferred revenue	101,566	112,252
Current portion of operating leases	307,333	289,863
TOTAL CURRENT LIABILITIES	877,759	862,618
LONG TERM LIABILITIES		
Note payable, net of current portion	496,253	520,748
Operating leases, net of current portion	712,647	955,004
TOTAL LONG TERM LIABILITIES	1,208,900	1,475,752
TOTAL LIABILITIES	2,086,659	2,338,370
NET ASSETS		
Without donor restrictions	1,166,242	1,740,050
With donor restrictions	600,018	1,018,501
TOTAL NET ASSETS	1,766,260	2,758,551
TOTAL LIABILITIES AND NET ASSETS	$ 3,852,919	$ 5,096,921

See accompanying notes and independent auditor's report.

COLUMBUS SPEECH AND HEARING CENTER

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

For the Years Ended December 31, 2023 and 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
PUBLIC SUPPORT						
United Way funds	$ 10,000	$ 10,000	$ 20,000	$ 10,000	$ 10,000	$ 20,000
Contributions and grants	343,058	527,800	870,858	392,316	1,256,300	1,648,616
TOTAL PUBLIC SUPPORT	353,058	537,800	890,858	402,316	1,266,300	1,668,616
REVENUE						
Government fees for services	55,558	-	55,558	43,324	-	43,324
Clinic fees	1,322,452	-	1,322,452	1,439,281	-	1,439,281
Hearing aid and assistive listening device sales	2,287,250	-	2,287,250	1,755,029	-	1,755,029
Building rental	-	-	-	12,648	-	12,648
Investment income	100,498	-	100,498	20,698	-	20,698
Other income	9,877	-	9,877	320,008	-	320,008
Gain on disposal of investments	9,780	-	9,780	-	-	-
Gain on sale of land and building	-	-	-	715,785	-	715,785
TOTAL REVENUE	3,785,415	-	3,785,415	4,306,773	-	4,306,773
Net assets released from restrictions	956,283	(956,283)	-	259,053	(259,053)	-
TOTAL PUBLIC SUPPORT AND REVENUE	5,094,756	(418,483)	4,676,273	4,968,142	1,007,247	5,975,389
OPERATING EXPENSES						
Program	4,805,183	-	4,805,183	4,172,620	-	4,172,620
Management and general	569,500	-	569,500	503,825	-	503,825
Fundraising	293,881	-	293,881	205,492	-	205,492
TOTAL OPERATING EXPENSES	5,668,564	-	5,668,564	4,881,937	-	4,881,937
CHANGE IN NET ASSETS	(573,808)	(418,483)	(992,291)	86,205	1,007,247	1,093,452
NET ASSETS, BEGINNING OF YEAR	1,740,050	1,018,501	2,758,551	1,653,845	11,254	1,665,099
NET ASSETS, END OF YEAR	$ 1,166,242	$ 600,018	$ 1,766,260	$ 1,740,050	$ 1,018,501	$ 2,758,551

See accompanying notes and independent auditor's report.

COLUMBUS SPEECH AND HEARING CENTER

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2023

OPERATING EXPENSES	Program	Management and General	Fundraising	Total
Salaries and wages	$ 2,541,434	$ 341,884	$ 170,378	$ 3,053,696
Benefits & Taxes	325,811	96,502	21,013	443,326
Hearing aid & assistive listening devices	736,818	-	-	736,818
Conferences, meetings & staff development	6,772	311	311	7,394
Bad debts	10,020	-	-	10,020
Consulting, legal & accounting	160,509	7,437	7,437	175,383
Printing	5,033	128	6,283	11,444
Telephone	32,993	1,807	2,022	36,822
Supplies	37,717	905	1,009	39,631
Utilities	771	88	18	877
Maintenance, buildings & grounds	346,484	39,373	7,875	393,732
Postage & shipping	3,035	168	444	3,647
Public relations & development	106,007	54,288	27,144	187,439
Process & service fees	208,682	1,319	1,871	211,872
Equipment maintenance & repair	44,813	1,381	1,381	47,575
Insurance	27,520	2,231	1,132	30,883
Transportation	9,331	3,329	6,199	18,859
Interest	1,607	183	37	1,827
Miscellaneous	25,801	12,011	20,526	58,338
Dues & subscriptions	28,158	666	3,781	32,605
Depreciation of property & equipment	79,874	2,345	2,341	84,560
IT Support / Software	65,993	3,144	12,679	81,816
TOTAL OPERATING EXPENSES	$ 4,805,183	$ 569,500	$ 293,881	$ 5,668,564

COLUMBUS SPEECH AND HEARING CENTER

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2022

OPERATING EXPENSES	Program	Management and General	Fundraising	Total
Salaries and wages	$ 2,260,286	$ 327,630	$ 105,004	$ 2,692,920
Payroll taxes and Employee benefits	279,592	69,540	9,104	358,236
Hearing aids and assistive listening devices	573,668	-	-	573,668
Conferences, meetings, and staff development	7,744	351	351	8,446
Bad debts	10,075	-	-	10,075
Consulting, legal and accounting	141,501	8,093	27,093	176,687
Printing	12,137	393	5,298	17,828
Telephone	30,919	1,743	1,950	34,612
Supplies	54,081	1,368	1,833	57,282
Utilities	8,778	998	200	9,976
Maintenance, building and grounds	306,117	34,786	6,957	347,860
Postage and shipping	2,659	227	315	3,201
Public relations and development	104,433	38,349	19,174	161,956
Process and service fees	164,818	1,398	1,905	168,121
Equipment repair	22,267	750	750	23,767
Insurance	26,134	2,119	1,075	29,328
Transportation	6,753	3,320	6,018	16,091
Interest and other financing fees	8,012	910	182	9,104
Miscellaneous	9,656	6,828	4,774	21,258
Dues and subscriptions	26,295	906	2,237	29,438
Depreciation of property and equipment	46,730	763	757	48,250
IT support and software	69,965	3,353	10,515	83,833
TOTAL OPERATING EXPENSES	$ 4,172,620	$ 503,825	$ 205,492	$ 4,881,937

See accompanying notes and independent auditor's report.

COLUMBUS SPEECH AND HEARING CENTER

STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2023 and 2022

	2023	2022
OPERATING ACTIVITIES		
Change in net assets	$ (992,291)	$ 1,093,452
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation and amortization	84,560	48,250
Gain (Loss) on disposal of fixed assets	-	(715,785)
Unrealized loss (gain) on Investments	(9,780)	2,966
Noncash interest expense	1,827	4,823
Amortization of right-of-use assets	224,887	266,935
(Increase) decrease in operating assets:		
Receivables	63,559	848
Prepaid, inventory and other long-term assets	(13,042)	(32,367)
Increase (decrease) in operating liabilities:		
Accounts payable	7,668	(35,678)
Deferred revenue	(10,686)	(787)
Operating lease liabilities	(224,887)	(266,935)
NET CASH FROM OPERATING ACTIVITIES	(868,185)	365,722
INVESTING ACTIVITIES		
Purchase of property and equipment	(193,046)	(172,095)
Purchase of investments	(359,874)	(1,522,648)
Proceeds from property and equipment	-	2,383,247
NET CASH FROM INVESTING ACTIVITIES	(552,920)	688,504
FINANCING ACTIVITIES		
Principal payments on note payable	(25,633)	(602,038)
NET CASH FROM FINANCING ACTIVITIES	(25,633)	(602,038)
NET CHANGE IN CASH	(1,446,738)	452,188
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	1,801,852	1,349,664
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 355,114	$ 1,801,852

See accompanying notes and independent auditor's report.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations
Columbus Speech and Hearing Center (the Center) is a not-for-profit Corporation formed in 1923 to help all people improve communication and vocational independence for life. The Center is a not-for-profit agency which provides services to people of all ages who are deaf or who may have communication disorders related to speech or hearing impairment. The Center services clients throughout Ohio and is funded through billings for services or products and grants from third-party agencies.

Basis of Accounting
The financial statements of the Center have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America for not-for-profit Centers.

The Center is required to report information regarding its financial position and activities by either net assets with donor restrictions or net assets without donor restrictions. A description of the two net asset categories follows:

Net Assets With Donor Restrictions – Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Net Assets Without Donor Restrictions – Net assets that are not subject to donor-imposed restrictions. Net assets without donor restrictions may be designated for specific purposes by action of the Board of Directors.

Cash and Cash Equivalents
For purposes of the statements of cash flows, the Center considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Accounts Receivable
Accounts receivable is recognized when revenue is earned on the date the services are provided and represents uncollateralized obligations from individuals, Centers, and insurance companies. Balances from third party insurance companies, Medicaid, and Medicare are stated at the amount the Center expects to collect after any contractual adjustments. The Center generally does not charge interest on delinquent account balances. Receivables are reduced by a valuation allowance that reflects management's best estimate of the amounts that will not be collected. The Center establishes an allowance for losses on collection based upon factors surrounding the credit risks of specific customers, historical trends and other information. Bad debt expense for the years ended December 31, 2023 and 2022 was $10,020 and $10,000, respectively.

Investments
The Center holds Investments in debt and marketable equity securities with readily determinable fair values. All investments are stated at their fair value in the statements of financial position. Realized and unrealized gains, loss, and income, net of investment fees, are included in the statement of activities and changes in net assets.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Impairment of long-lived assets
The Center reviews long-lived assets for impairment whenever events or changes in circumstances indicate the carrying value may not be recoverable. Measurement of any impairment would include a comparison of estimated undiscounted future cash flows to be generated during the remaining life of the asset to its net carrying value. The Center believes the carrying values of all long-lived assets at December 31, 2023 and 2022, are recoverable.

Lease Obligations
The Center adopted Accounting Standards Codification (ASC) 842, *Leases*, effective January 1, 2022 and implemented the standard using the modified retrospective approach. There was no material impact to the statement of activities and changes in net assets, and no cumulative adjustment was recognized. The Center has elected the following practical expedients:

- The package of practical expedients permitted under the transition guidance within the new standard, which among other things, allowed the Center to not reassess under the new standard the prior conclusion about lease identification, lease classification and initial direct costs.
- The practical expedient to not recognize right-of-use ("ROU") assets and lease liabilities for leasing arrangements with terms of less than one year
- The practical expedient to not separate lease and non-lease components for all underlying assets.
- The practical expedient available to utilize risk-free rates for calculating the values of all ROU assets and lease liabilities.

The standard establishes a ROU model that requires a lessee to record a ROU asset and a lease liability on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of operations.

In all leases, the Center defines the lease term as the noncancellable term of the lease plus any renewal options that are reasonably certain of exercise based on an assessment of economic factors. The noncancellable term commences on the date the lessor makes the underlying asset available to the lessee, irrespective of when lease payments begin.

The Center recognizes a ROU asset and lease liability at lease commencement, which are measured by discounting lease payments using the Center's incremental borrowing rate. The Center elected the practical expedient to use the risk-free rate as the discount rate. As such, the Center selects that risk free rate that corresponds with the term of each lease.

A lease ROU asset is amortized on a straight-line basis over the lease term. Interest on each lease liability is determined as the amount that results in a constant periodic discount rate on the remaining balance of the liability. Lease ROU assets are assessed for impairment in accordance with the long-lived asset impairment policy.

The Center reassesses lease classification and remeasures ROU assets and lease liabilities when a lease is modified, and that modification is not accounted for as a separate contract or upon certain other events that require reassessment in accordance with ASC 842. Maintenance and property tax expenses are accounted for on an accrual basis as variable lease costs.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Revenue Recognition

The Center's revenue is primarily derived from clinic fees, sales of hearing aids and assistive listening devices, and grants and contributions. The Center recognizes revenue for clinic fees, sales of hearing aids and assistive listening devices under the FASB-issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606).* The core principle of the revenue model is that revenue is recognized when a customer obtains control of a good or service. A customer obtains control when they have the ability to direct the use of, and obtain the benefits from, the good or service. Transfer of control is not the same as transfer of risk and reward. Under ASC 606, revenue should be recognized over time or at a point in time.

Revenue from clinic fees, hearing aids and assistive listening devices are reported at amounts that reflect the consideration to which the Center expects to be entitled in exchange for providing these services and goods to patients. These amounts are due from patients, third-party payers (including managed care payers and government programs) and others. Revenue is recognized at a point in time when the performance obligations are satisfied. As the performance obligations relate to contracts with a duration of less than one year, the Center has elected to apply the optional exemption provided in ASC 606-10-50-14(a) and, therefore, is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied, or partially unsatisfied, at the end of the reporting period. The unsatisfied performance obligation for these contracts is primarily related to services related to hearing aid sales. The transaction price for these contracts is based on gross charges for services provided, reduced by contractual adjustments provided to third-party payers and implicit price concessions based on contractual adjustments and discounts based on contractual agreements, discount policies and historical experience. The Center uses a portfolio approach as a practical expedient to account for these contracts as a collective group rather than individually. Under ASC 606, the estimated uncollectable amounts due from patients are generally considered implicit price concessions that are a direct reduction to revenue. The Center has not historically incurred any costs to obtain contracts.

When the Center's contracts with patients contain multiple performance obligations, the transaction price is allocated on a relative standalone selling price (SSP) basis to each performance obligation. The Center typically determines SSP based on observable selling prices of its products and services.

Payment terms on invoiced amounts are typically 30 days. In instances where the timing of revenue recognition differs from the timing of the right to invoice, the Center has determined that a significant financing component generally does not exist. The primary purpose of the invoicing terms is to provide customers with simplified and predictable ways of purchasing the products and services and not to receive financing from or provide financing to the customer. The Center has elected the practical expedient that permits an entity not to recognize a significant financing component if the time between with the promised service is transferred to the customer and when the customer pays for the services is one year or less. The Center records accounts receivable when it has the unconditional right to issue an invoice and receive payment, regardless of whether revenue has been recognized. If revenue has not yet been recognized, a contract liability (deferred revenue) is also recorded.

If revenue is recognized in advance of the right to invoice, a contract asset (unbilled receivable) is recorded. The Center has deferred revenue of $101,566 and $112,252 as of December 31, 2023 and 2022, respectively, and has no other significant contract assets or liabilities.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

The Center provides warranties associated with the sale of hearing aids, in addition to the manufacturer warranties. The first warranty is a limited-assurance-type warranty for which the warranty periods typically extend for a limited duration following transfer of control of the product. Historically, warranty claims for the limited-assurance-type warranty have not resulted in material costs incurred. The Center does not consider these warranties to be performance obligations. The second warranty is an extended product warranty which is considered a separate performance obligation. The extended warranty is recognized over the life of the warranty and a purchase price is assigned to the warranty at the time of sale. The price is fixed through the fee schedule noted above, as the patients can purchase extended warranties.

Contributions and grants - Unconditional promises to give are recognized as revenue in the period the promise was made. Conditional promises are recorded as revenue when the conditions are substantially met. Contributions with donor-imposed stipulations that limit the use of the donated asset are recorded as increases to net assets with donor restrictions. When a donor restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. When restrictions are met in the same period as the contribution is received, the Center records the contribution revenue as an increase to net assets without donor restrictions.

In-kind contributions – Contributed services are recorded when they meet the criteria of (1) creating or enhancing nonfinancial assets or (2) requiring specialized skills and provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. There were $0 and $14,608 of donated services for the years ended December 31, 2023 and 2022, respectively. These contributions are recorded and expensed as they are received as in-kind contributions and expense.

Property and Equipment

Property and equipment is stated at cost for purchased assets and at fair market value for donated assets. Depreciation is computed using the straight-line method over the estimated useful lives of the assets as follows:

	Years
Program equipment	3-10
Office equipment	3-10
Leasehold improvements	5-30

Expenditures for major renewals and betterments in excess of $2,500 that extend the useful lives of property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred. Depreciation expense for the years ended December 31, 2023 and 2022 was $84,560 and $48,250, respectively.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the management of the Center to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Expense Allocation
The statements of functional expenses report certain categories of expenses that are attributable to one or more program or supporting functions of the Center. Therefore, these expenses require allocation on a reasonable basis that is consistently applied.

Direct Program Expenses - direct program expenses include any expenses that are incurred to support the Center's speech pathology/occupational therapy services and audiology treatment.

Direct Management and General Expenses - direct management and general expenses include normal administrative activities such as, but not limited to, management, accounting, human resources, and governance.

Direct Fundraising Expenses - direct fundraising expenses are any expenses incurred in soliciting cash and noncash contributions.

Common Expenses - common expenses that cover multiple functional areas are allocated based on time incurred or use of space. Expenses allocated by time spent are based on the direct time or the direct supervision spent on these activities. Any remaining expense is allocated to management and general expenses. Expenses allocated based on the use of space are determined based on square footage used by the activity. Common-use space is further allocated based on staffing time allocation.

Advertising
The Center expenses advertising costs as they are incurred. Advertising expense for the years ended December 31, 2023 and 2022 was $137,289 and $133,472, respectively.

Federal Income Taxes
The Center is a not-for-profit Center exempt from income taxes under section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation. Therefore, there is no provision for income taxes on the financial statements.

The Center follows FASB ASC 740-10, *Accounting for Uncertainty in Income Taxes,* which provides guidance on accounting for uncertainty in income taxes recognized in the Center's financial statements. The guidance prescribes a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return and also provides guidance on de-recognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. As of December 31, 2023 and 2022, the Center had no uncertain tax positions that required either recognition or disclosure in the Center's financial statements. Generally, the tax years before 2020 are no longer subject to examination by federal or state authorities.

New Accounting Standard
In June 2016, the FASB issued amended accounting guidance that requires entities to measure credit losses on trade and other receivables, held-to-maturity debt securities, loans and other instruments using an "expected credit loss" model that considers historical experience, current conditions and reasonable supportable forecasts. The Organization considers historical experience, the current economic environment, customer credit ratings or bankruptcies, and reasonable and supportable forecasts to develop our allowance for credit losses. The Organization reviews these factors annually to determine if any adjustments are needed to the allowance. This guidance was effective beginning January 1, 2023 and did not have a material impact on the financial statements.

NOTE 2 - LIQUIDITY AND AVAILABILITY

The table below represents financial assets available for general expenditures, such as operating expenses and scheduled principal payments on notes payable, within one year of December 31:

Financial assets at year-end:	2023	2022
Cash and Cash equivalents	$ 355,114	$ 1,801,852
Receivables	83,442	147,001
Investments	1,889,335	1,519,681
Total financial assets:	2,327,891	3,468,534
Less amounts not available to be used to meet general expenditures within one year:		
Restrictions for specific purposes	590,018	1,008,501
Financial assets available to meet general expenditures within one year	$ 1,737,873	$ 2,460,033

The center regularly monitors liquidity required to meet its annual operating need and other contractual commitments. The Center has various sources of liquidity at its disposal including cash and cash equivalents and a revolving line of credit. See Note 6 for information about the Center's revolving line of credit facility.

NOTE 3 - INVESTMENTS

Investments consist of the following at December 31:

	2023	2022
U.S. treasury and agency bonds	$ 567,868	$ 559,348
Mutual funds	360,752	-
Brokered certificates of deposit	960,715	960,333
	$ 1,889,335	$ 1,519,681

The investments held at December 31, 2023, mature at various dates through December 2024, but are callable at any time during the year; therefore, these assets are reflected as current on the statements of financial position. A periodic review and evaluation of the Center's investments is conducted to determine if the fair value of any security has declined below its carrying value and whether such decline is other- than-temporary. If such decline is deemed to be other-than-temporary, the security is written down to a new cost basis and the resulting loss is charged against net assets. Investment income is shown on the statements of activities and change in net assets, net of direct investment fees. There were no investment fees for the years ended December 31, 2023 and 2022.

NOTE 4 – FAIR VALUE MEASUREMENTS

Accounting principles generally accepted in the United States of America (GAAP) establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under GAAP are described as follows:

NOTE 4 – FAIR VALUE MEASUREMENTS - CONTINUED

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Center has the ability to access.

Level 2 - Inputs to the valuation methodology include: quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2023 or 2022.

Certificates of Deposit - Valued at liquidation value, which approximates fair value.

Mutual funds and exchange trade funds - Valued at the closing price reported on the active market on which the individual funds are traded.

US Treasury and agency bonds - Valued at the closing price reported on the active market on which the individual funds are traded.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Center believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The Center's policy is to recognize transfers between levels of the fair value hierarchy as of the end of the reporting period. For the years ended December 31, 2023 and 2022, there were no transfers between levels of the fair value hierarchy.

The recorded values of cash, accounts receivable, and promises to give approximate their fair value based on their short-term nature.

The overall investment objective of the Center is to invest its assets in a prudent manner that will achieve a long-term rate of return sufficient to fund a portion of its annual operating activities and increase investment value after inflation. The Center diversifies its investments among various asset classes incorporating multiple strategies and managers. Major investment decisions are authorized by the Board of Directors, which oversees the Center’s investment program in accordance with established guidelines.

NOTE 5 - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31:

	2023	2022
Program equipment	$ 696,165	$ 682,182
Office equipment	945,290	861,701
Leasehold improvements	196,087	14,234
Construction in progress	2,621	89,002
	1,840,163	1,647,119
Less accumulated depreciation and amortization	(1,425,239)	(1,340,681)
Net property and equipment	$ 414,924	$ 306,438

NOTE 6 - NOTE PAYABLE AND REVOLVING LINE OF CREDIT

Notes payable consisted of the following at December 31:

	2023	2022
Economic injury disaster loan	$ 508,061	$ 531,867
	508,061	531,867
Less current maturities	11,808	11,119
	$ 496,253	$ 520,748

Future maturities on notes payable are as follows for the years ending December 31:

2024	$ 11,808
2025	12,137
2026	12,475
2027	12,823
2028	13,180
Thereafter	445,638
	$ 508,061

In July 2019, the Center entered into a line of credit agreement in the amount of $300,000. The line bore interest at the Prime rate plus an applicable margin of 0.50%. The agreement required monthly interest payments and with the principal balance due at maturity. The line of credit agreement was amended to extend the maturity date until January 3, 2025, and includes an interest rate floor of 5.25%. The line is secured by substantially all business assets. There were no outstanding borrowings on the line of credit at December 31, 2023 and 2022.

On April 22, 2020, the Center entered into an Economic Injury Disaster Loan (EIDL) with the U.S. Small Business Administration (SBA) in the amount of $500,000. The EIDL bears interest at 2.75%. The EIDL requires monthly interest and principal payments of $2,136 beginning 24 months from the date of issuance. On March 15, 2022, the SBA extended the deferment period for EIDLs for an additional six months, which resulted in the maturity date extended to October 22, 2051, with full payment of remaining balance and interest due on the maturity date.

NOTE 7 - LEASES

The Center determines if an arrangement is or contains a lease at inception, which is the date on which the terms of the contract are agreed to, and the agreement creates enforceable rights and obligations. Under Topic 842, a contract is or contains a lease when (i) explicitly or implicitly identified assets have been deployed in the contract and (ii) the customer obtains substantially all of the economic benefits from the use of that underlying asset and directs how and for what purpose the asset is used during the term of the contract. The Center also considers whether its service arrangements include the right to control the use of an asset.

In January 2022, the Center entered into an agreement with a third-party buyer and sold the land and building at its Columbus, Ohio headquarters in a sale-leaseback transaction (see Note 13). The Center continued to maintain its primary operations at the same building and entered into a lease with the third-party buyer for a term of five years commencing on February 1, 2022. The Center has also entered into various leases for office space throughout central Ohio that expire at various dates through June 2027. A lease may contain options to renew, generally at the Center's sole discretion, with renewal terms that can extend the lease term. These options to extend a lease are included in the lease terms when it is reasonably certain that the Center will exercise that option. The Center's leases generally do not contain any material restrictive covenants

The Center also enters into various short-term lease agreements in the ordinary course of business. These agreements vary with respect to rental payment requirements and length of rental period; however, the lease agreements do not have terms in excess of 12 months.

The ROU assets comprised of the following as of December 31:

Operating lease ROU assets		
Gross value	$ 1,578,624	$ 1,498,477
Less: Accumulated amortization	(558,644)	(253,610)
Operating lease ROU assets, net	$ 1,019,980	$ 1,244,867

Maturities of operating lease liabilities, including extension and renewal options that are reasonably certain to occur, as of December 31, 2023 are as follows:

2024	$ 329,094
2025	330,294
2026	331,509
2027	67,831
2028	13,475
Total lease payments	1,072,203
Less: Interest	(52,223)
Present value of lease liabilities	$ 1,019,980

Net lease costs consists of operating lease expenses of $305,034 and $278,455 and are included on the statements of activities and changes in net assets for the years ended December 31, 2023 and 2022, respectively. Short term and variable expense totaled $44,201 and $33,027 for the years ended December 31, 2023 and 2022, respectively.

NOTE 8 - RETIREMENT PLAN

The Center maintains a 401(k) plan (the Plan) for eligible employees. Employees are eligible to participate in the Plan at the time of hire. Employees are eligible for employer contributions after completing one year of service and providing at least 1,000 hours. Participants become fully vested in employer contributions after three years. Employer contributions are generally made by the Center annually and are made at management's discretion. The Center made employer contributions to the Plan in 2023 and 2022 totaling $61,028 and $0, respectively.

NOTE 9 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes and periods as of December 31:

	2023	2022
Subject to passage of time:		
United Way allocation intended for a future period	$ 10,000	$ 10,000
Subject to usage restrictions		
Various programs	590,018	1,008,501
Total net assets with donor restrictions	$ 600,018	$ 1,018,501

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by donors as follows for the year ended December 31:

	2023	2022
Purpose or time restrictions accomplished:	$ 956,283	$ 259,053
Total restrictions released	$ 956,283	$ 259,053

NOTE 10 - SPECIAL EVENTS

The Center annually sponsors the Great Communicators Golf Outing and other events. Contributions and grants for these events include revenue of $168,520 and $117,420 for the years ended December 31, 2023 and 2022, respectively, which is included in contribution and grants on the accompanying statements of activities and changes in net assets. Total expenses associated with these events were $50,150 and $28,485 for years ended December 31, 2023 and 2022, respectively, which is included in public relations and development on the accompanying statements of functional expenses.

NOTE 11 - CONCENTRATIONS OF CREDIT RISK

During the years ended December 31, 2023 and 2022, the Center maintained deposits in financial institutions that may have exceeded Federal Deposit Insurance Corporation (FDIC) limits. The Center did not experience any loss, material or otherwise, due to this concentration.

NOTE 12 - SUPPLEMENTAL CASH FLOW DISCLOSURES

Cash paid during the years ended December 31, 2023 and 2022 for interest amounted to $25,632 and $4,281, respectively. Non cash investing and financing activity to record the operating lease right-of-use asset was $80,147 and $1,498,477 during the years ended December 31, 2023 and 2022, respectively.

NOTE 13 - COMMITMENTS AND CONTINGENCIES

The Center is subject to claims and lawsuits in the ordinary course of business. In the opinion of management, the Center has adequate legal defenses and/or adequate insurance coverage for such matters. If not insured, management believes that such matters will not, in the aggregate, have a materially adverse impact on the Center's financial position, results of future operations, or cash flows

NOTE 14 - SUBSEQUENT EVENTS

Management evaluated subsequent events through July 24, 2024, the date at which the financial statements were available to be issued.